



**Entergy**

**Entergy Arkansas**  
425 West Capitol Avenue  
P.O. Box 551  
Little Rock, AR 72203  
Tel 501 377 4000

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T.R.A. DOCKET ROOM

June 19, 2003

Ms. Deborah Taylor Tate, Director  
Tennessee Regulatory Authority  
460 James Robertson Parkway  
Nashville, TN 37243-0505

Re: Tennessee Regulatory Authority (TRA) Docket No. 03- 00905  
Entergy Arkansas, Inc. Request for Approval to enter  
into certain financing transactions between July 1, 2003  
and December 31, 2003

Dear Ms. Tate:

Attached are the original and thirteen copies of Entergy Arkansas, Inc.'s (EAI) Application and supporting Direct Testimony of EAI witness Steven C. McNeal filed this date in Docket No. 03-093-U before the Arkansas Public Service Commission (APSC) for APSC approval to increase limits previously approved in APSC Docket No. 01-221-U and TRA Docket No. 01-00830 for first mortgage bonds during years 2002 through 2003. The request is to expand EAI's issuance authority for first mortgage bonds by \$80 million.

We are requesting expedited regulatory approval by July 1 to permit EAI to reduce its financing costs through the refinancing of higher cost securities. Because of unexpectedly favorable market conditions, EAI has been issuing First Mortgage Bonds to refinance existing Bonds at a rate faster than initially anticipated. As a result, EAI has achieved some substantial cost savings.

The bond underwriters require APSC and Tennessee Regulatory Authority (TRA) approval of EAI's financing transactions described in the Application. EAI will provide to the TRA a copy of the APSC Staff testimony and the final order issued by the APSC in this Docket as soon as they are filed. EAI is requesting that the TRA issue an order approving or concurring with the APSC Order upon its issuance which will allow EAI the authority to issue the First Mortgage Bonds pursuant to TENN. CODE ANN. § 65-4-109. If it is the TRA's position that it does not have approving authority over such financings, a declarative statement of such a position would also be appreciated to clarify the TRA's interpretation of Tennessee statutes.

Ms. Deborah Taylor Tate  
Page 2  
June 19, 2003

Attached is the required \$25.00 filing fee to establish docket for this financing application.

If you have any questions or need additional information, please do not hesitate to call me at (501) 377-5489.

Sincerely,

A handwritten signature in cursive script, appearing to read "William R. Morgan".

William R. Morgan  
Manager, Regulatory Affairs

WRM/tj  
Attachments

BEFORE THE  
ARKANSAS PUBLIC SERVICE COMMISSION

JUN 19 11 13 AM '03

FILED

IN THE MATTER OF THE APPLICATION )  
OF ENTERGY ARKANSAS, INC. FOR )  
AUTHORIZATION TO ENTER INTO )  
CERTAIN FINANCING TRANSACTIONS )  
BETWEEN JULY 1, 2003 AND DECEMBER )  
31, 2003 )

DOCKET NO. 03-092-U

APPLICATION

COMES NOW ENTERGY ARKANSAS, INC. ("EAI" or the "Company"),  
and for its Application states:

1. This Application is filed pursuant to Ark. Code Ann. § 23-3-103, et. seq. and Rules 4 and 5 of the Rules of Practice and Procedure ("RPP") of the Arkansas Public Service Commission ("APSC" or the "Commission").

2. EAI is a corporation organized under the laws of the State of Arkansas and is a public utility as defined by Ark. Code Ann. § 23-1-101, et. seq. The Company's principal office is located at the TCBY Building, 425 West Capitol Avenue, Little Rock, Arkansas 72201. The Company's property consists of facilities for the generation, transmission, and distribution of electric power and energy to the public and of other property necessary to repair, maintain, and operate those facilities. These properties and facilities are located principally in the State of Arkansas, but include a limited number of distribution lines for retail

customers situated wholly on the west side of the main channel of the Mississippi River that are located in a small portion of the State of Tennessee.

3. Order No. 2, entered in Docket No. 01-221-U on November 28, 2001, authorized EAI, inter alia, to issue and sell, in one or more series, from time to time but not earlier than January 1, 2002, and not later than December 31, 2003, first mortgage bonds ("First Mortgage Bonds" or "Bonds") and debentures in an aggregate principal amount not to exceed \$660 million. One of the purposes of the issue was to permit EAI to reduce its financing costs through the refinancing of higher cost securities. Because of unexpectedly favorable market conditions, EAI has been issuing First Mortgage Bonds to refinance existing Bonds at a rate faster than initially anticipated. As a result, EAI has achieved some substantial cost savings.

4. The Company appears likely to reach the \$660 million limit for new First Mortgage Bonds by July 2003. To date, EAI has issued \$450 million of First Mortgage Bonds under Order No. 2 in Docket No. 01-221-U. By the end of June 2003, EAI plans to issue an additional \$115 million principal amount of First Mortgage Bonds to refinance a \$115 million principal amount of First Mortgage Bonds due August 1, 2005. This transaction will provide additional cost savings. As a result of the First Mortgage Bonds previously issued pursuant to Order No. 2, and the anticipated offerings under that Order, EAI will have authorization

remaining to issue only an additional aggregate amount of \$95 million in First Mortgage Bonds through the remainder of 2003.

5. An opportunity exists for EAI to continue to reduce its interest expenses, if EAI is granted authority on an expedited basis to issue additional long-term debt as described below. EAI has outstanding, \$175 million of First Mortgage Bonds 7% series, due October 1, 2023. This series is currently callable and due to continuing, favorable market conditions, EAI believes these Bonds may be refinanced on favorable terms at a lower net financing cost. An \$80 million increase in EAI's authorization for the issue of First Mortgage Bonds approved by Order No. 2 in Docket No. 01-221-U is necessary to permit all of the \$175 million First Mortgage Bonds to be refinanced and to achieve maximum savings for EAI.

6. Accordingly, and pursuant to Ark. Code Ann. § 23-3-104, EAI hereby applies to the Commission for an order authorizing it from time to time not earlier than July 1, 2003, and not later than December 31, 2003, to issue and sell one or more series of its First Mortgage Bonds in such principal amounts as EAI may elect, which amounts, in the aggregate, shall not exceed the sum of \$80 million, in addition to any amounts of such Bonds previously authorized to be issued and sold pursuant to Order No. 2 in Docket No. 01-221-U. The Bonds of each series will be due not less than one year nor more than 40 years after their

respective dates of issuance and will be dated as of the first day or the fifteenth day of the month in which the particular series is issued.

7. Each series of Bonds will be sold at such price, will bear interest at such rate (which may be an adjustable rate), and will mature on such date as will be determined at the time of sale. EAI anticipates that the issuance and sale of each series of Bonds will be by means of competitive bidding or a negotiated public offering or private placement with institutional investors in order to secure the advantage of an advanced marketing effort and the best available terms. Because the market for the Bonds is constantly fluctuating, it is not possible to forecast the precise interest rate for any series of the Bonds at this time.

8. Each series of the Bonds is to be issued as a new series of First Mortgage Bonds under EAI's Mortgage and Deed of Trust, dated as of October 1, 1944, to Guaranty Trust Company of New York (Bankers Trust Company, successor) and Henry A. Theis (Stanley Burg, successor), Co-Trustee, and Marvin A. Mueller (The Boatmen's National Bank of St. Louis, successor), Co-Trustee, as to certain Missouri property, as Trustees, as heretofore supplemented and as proposed to be further supplemented by additional supplemental indentures thereto (the "Mortgage"). A copy of the Mortgage, as supplemented, has previously been filed with the Commission. A copy of the proposed form of supplemental indenture relating to each series of the Bonds is attached hereto as EAI Exhibit A.

9. The Mortgage constitutes a first mortgage lien on all of the properties presently owned by EAI (except as stated below), subject to (a) leases of minor portions of the Company's property to others for uses which do not interfere with the conduct of the Company's business, (b) leases of certain EAI property not used in its electric utility business, and (c) excepted encumbrances. There are excepted from the lien of the Mortgage all cash and securities; certain equipment, fuel, materials, or supplies, timber, minerals, mineral rights, and royalties; receivables, contracts, leases, and operating agreements; and certain unimproved lands sold or to be sold. The Mortgage contains provisions for encumbering after-acquired property by the lien thereof, subject to limitation in the case of consolidation, merger, or sale of substantially all of EAI's assets.

10. EAI is obligated to make annual payments into sinking or improvement and maintenance and replacement funds with respect to its First Mortgage Bonds of prior series, but, at the Company's election, one or more series of the Bonds may be issued free of either or both of such requirements. If EAI elects to issue a series of the Bonds subject to such requirements, or to similar requirements, such annual payments may be made in cash, by principal amount of Bonds of such series that are outstanding, or with property additions.

11. The Mortgage does not limit the aggregate principal amount of First Mortgage Bonds that may be outstanding at any one time. The aggregate

amount of First Mortgage Bonds issued and outstanding under the Mortgage as of June 1, 2003, is approximately \$1,188 million, all of which is secured by the lien of the Mortgage. An additional \$100 million of First Mortgage Bonds was issued on June 11, 2003. The proceeds from that issuance will be used to redeem prior to maturity \$100 million principal amount of First Mortgage Bonds, 7.50% Series due August 1, 2007.

12. As set forth above, the net proceeds that EAI will receive from the issuance and sale of the Bonds will be used to provide funds for the redemption of \$175 million in the Company's outstanding First Mortgage Bonds, 7% Series, due October 1, 2023, prior to the maturity thereof.

13. EAI states that after the issuance of the First Mortgage Bonds, the aggregate amount of all its outstanding stock, bonds, notes and other evidences of indebtedness will not exceed the fair value of EAI's properties and the reasonable cost of the issuance and sale of the First Mortgage Bonds.

14. Attached hereto are EAI Exhibit B-1 and EAI Exhibit B-2, consisting of :

- (a) Balance Sheet per books as of December 31, 2002, and Pro Forma after giving effect to the proposed transactions; and



- (b) Earnings Statement for the 12 months ended December 31, 2002, per books, and Pro Forma after giving effect to the proposed transactions.

15. In order to take advantage of favorable capital market conditions, it is essential that EAI be able to proceed with the authority requested herein when presented with opportunities to enhance its financial flexibility and/or reduce its capital costs. Therefore, EAI requests that the Commission consider and act on this Application expeditiously and enter an order on or before July 1, 2003.

16. EAI requests that the following individuals be shown on the service list of this Docket:

Steve Strickland, Vice President of Regulatory Affairs  
Entergy Arkansas, Inc.  
P. O. Box 551  
Little Rock, Arkansas 72203  
Telephone: (501) 377-4457

Jeff Broadwater, Assistant General Counsel  
Entergy Services, Inc.  
P. O. Box 551  
Little Rock, Arkansas 72203  
Telephone: (501) 377-4372

WHEREFORE, ENTERGY ARKANSAS, INC. respectfully requests that the Commission enter an order on or before July 1, 2003, authorizing the Company to issue and sell in one or more series, from time to time not earlier than July 1, 2003, and not later than December 31, 2003, the First Mortgage

Bonds in an aggregate principal amount not to exceed \$80 million, in addition to any amounts of such Bonds already authorized to be issued and sold pursuant to Order No. 2 in Docket No. 01-221-U, for purposes of refinancing existing securities; authorizing the Company to take all other action and to enter into all other agreements necessary therefore; and granting the Company all other proper relief.

DATED this 19th day of June, 2003.

ENTERGY ARKANSAS, INC.

By: Jeff Broadwater

Jeff Broadwater  
Assistant General Counsel  
Entergy Services, Inc.  
P. O. Box 551  
Little Rock, AR 72203  
Telephone: (501) 377-4457

ATTORNEY FOR  
ENTERGY ARKANSAS, INC.

#### CERTIFICATE OF SERVICE

I, Jeff Broadwater, do hereby certify that a copy of the foregoing has been served upon all parties of record this 19th of June, 2003.

Jeff Broadwater

Jeff Broadwater

BEFORE THE  
ARKANSAS PUBLIC SERVICE COMMISSION

IN THE MATTER OF THE APPLICATION )  
OF ENTERGY ARKANSAS, INC. FOR )  
AUTHORIZATION TO ENTER INTO )  
CERTAIN FINANCING TRANSACTIONS )  
BETWEEN JULY 1, 2003 AND DECEMBER )  
31, 2003 )

DOCKET NO. 03-\_\_\_\_-U

EAI EXHIBIT A  
PROPOSED FORM OF SUPPLEMENTAL INDENTURE

**ENTERGY ARKANSAS, INC.**

**TO**

**DEUTSCHE BANK TRUST COMPANY AMERICAS**

**(successor to Guaranty Trust Company of New York)**

**AND**

**STANLEY BURG**

**(successor to Henry A. Theis)**

**AND**

**(as to property, real or personal, situated or being in Missouri)**

**BNY TRUST COMPANY OF MISSOURI**

**(successor to Marvin A. Mueller)**

**As Trustees under Entergy Arkansas, Inc.'s Mortgage and Deed of Trust,  
Dated as of October 1, 1944**

\_\_\_\_\_  
**\_\_\_\_ SUPPLEMENTAL INDENTURE**

**Providing among other things for  
First Mortgage Bonds, \_\_\_\_% Series due \_\_\_\_ (\_\_\_\_ Series)**

\_\_\_\_\_  
**Dated as of \_\_\_\_\_**

\_\_\_\_ SUPPLEMENTAL INDENTURE

INDENTURE, dated as of \_\_, between ENTERGY ARKANSAS, INC., a corporation of the State of Arkansas, whose post office address is 425 West Capitol, Little Rock, Arkansas 72201 (hereinafter sometimes called the "Company"), and DEUTSCHE BANK TRUST COMPANY AMERICAS (successor to Guaranty Trust Company of New York), a corporation of the State of New York, whose post office address is 60 Wall Street, MS NYC 60-2515, New York, New York 10005 (hereinafter sometimes called the "Corporate Trustee"), and STANLEY BURG (successor to Henry A. Theis), and (as to property, real or personal, situated or being in Missouri) BNY TRUST COMPANY OF MISSOURI (successor to Marvin A. Mueller), whose mailing address is 911 Washington Avenue, St. Louis, Missouri 63101 (said Stanley Burg being hereinafter sometimes called the "Co-Trustee", and said BNY Trust Company of Missouri being hereinafter sometimes called the "Missouri Co-Trustee", and the Corporate Trustee, the Co-Trustee and the Missouri Co-Trustee being hereinafter together sometimes called the "Trustees"), as Trustees under the Mortgage and Deed of Trust, dated as of October 1, 1944 (hereinafter sometimes called the "Mortgage"), which Mortgage was executed and delivered by the Company to secure the payment of bonds issued or to be issued under and in accordance with the provisions of the Mortgage, reference to which Mortgage is hereby made, this indenture (hereinafter called the "\_\_\_\_ Supplemental Indenture") being supplemental thereto.

WHEREAS, the Mortgage was appropriately filed or recorded in various official records in the States of Arkansas, Missouri, Tennessee and Wyoming; and

WHEREAS, an instrument, dated as of July 7, 1949, was executed by the Company appointing Herbert E. Twyeffort as Co-Trustee in succession to Henry A. Theis (resigned) under the Mortgage, and by Herbert E. Twyeffort accepting said appointment, and said instrument was appropriately filed or recorded in various official records in the States of Arkansas, Missouri, Tennessee and Wyoming; and

WHEREAS, an instrument, dated as of March 1, 1960, was executed by the Company appointing Grainger S. Greene as Co-Trustee in succession to Herbert E. Twyeffort (resigned) under the Mortgage, and by Grainger S. Greene accepting said appointment, and said instrument was appropriately filed or recorded in various official records in the States of Arkansas, Missouri, Tennessee and Wyoming; and

WHEREAS, by the Twenty-first Supplemental Indenture mentioned below, the Company, among other things, appointed John W. Flaherty as Co-Trustee in succession to Grainger S. Greene (resigned) under the Mortgage, and John W. Flaherty accepted said appointment; and

WHEREAS, by the Thirty-third Supplemental Indenture mentioned below, the Company, among other things, appointed Marvin A. Mueller as Missouri Co-Trustee under the Mortgage, and Marvin A. Mueller accepted said appointment; and

WHEREAS, by the Thirty-fifth Supplemental Indenture mentioned below, the Company, among other things, appointed The Boatmen's National Bank of St. Louis as Missouri Co-Trustee in succession to Marvin A. Mueller (resigned) under the Mortgage, and The Boatmen's National Bank of St. Louis accepted said appointment; and

WHEREAS, an instrument, dated as of September 1, 1994, was executed by the Company appointing Bankers Trust Company as Trustee, and Stanley Burg as Co-Trustee, in succession to Morgan Guaranty Trust Company of New York (resigned) and John W. Flaherty (resigned), respectively, under the Mortgage and Bankers Trust Company and Stanley Burg accepted said appointments, and said instrument was appropriately filed or recorded in various official records in the States of Arkansas, Missouri, Tennessee and Wyoming; and

WHEREAS, by the Fifty-fifth Supplemental Indenture mentioned below, the Company, among other things, appointed Peter D. Van Cleve as Missouri Co-Trustee in succession to The Boatmen's National Bank of St. Louis (resigned) under the Mortgage, and Peter D. Van Cleve accepted said appointment; and

WHEREAS, by an instrument, dated as of May 31, 2000, the Company appointed BNY Trust Company of Missouri as Missouri Co-Trustee in succession to Peter D. Van Cleve (resigned) under the Mortgage, and BNY Trust Company of Missouri accepted said appointment, and said instrument was appropriately filed or recorded in various official records in the State of Missouri; and

WHEREAS, by an instrument, dated as of April 15, 2002, filed with the Banking Department of the State of New York, Bankers Trust Company, Trustee, effected a corporate name change pursuant to which, effective such date, it is known as Deutsche Bank Trust Company Americas; and

WHEREAS, by the Mortgage the Company covenanted that it would execute and deliver such supplemental indenture or indentures and such further instruments and do such further acts as might be necessary or proper to carry out more effectually the purposes of the Mortgage and to make subject to the lien of the Mortgage any property thereafter acquired and intended to be subject to the lien thereof; and

WHEREAS, the Company executed and delivered to the Trustees the following supplemental indentures:

<u>Designation</u>	<u>Dated as of</u>
First Supplemental Indenture .....	July 1, 1947
Second Supplemental Indenture .....	August 1, 1948
Third Supplemental Indenture .....	October 1, 1949
Fourth Supplemental Indenture.....	June 1, 1950
Fifth Supplemental Indenture .....	October 1, 1951
Sixth Supplemental Indenture.....	September 1, 1952
Seventh Supplemental Indenture .....	June 1, 1953

<u>Designation</u>	<u>Dated as of</u>
Eighth Supplemental Indenture.....	August 1, 1954
Ninth Supplemental Indenture .....	April 1, 1955
Tenth Supplemental Indenture.....	December 1, 1959
Eleventh Supplemental Indenture .....	May 1, 1961
Twelfth Supplemental Indenture.....	February 1, 1963
Thirteenth Supplemental Indenture.....	April 1, 1965
Fourteenth Supplemental Indenture.....	March 1, 1966
Fifteenth Supplemental Indenture .....	March 1, 1967
Sixteenth Supplemental Indenture .....	April 1, 1968
Seventeenth Supplemental Indenture.....	June 1, 1968
Eighteenth Supplemental Indenture.....	December 1, 1969
Nineteenth Supplemental Indenture.....	August 1, 1970
Twentieth Supplemental Indenture .....	March 1, 1971
Twenty-first Supplemental Indenture .....	August 1, 1971
Twenty-second Supplemental Indenture.....	April 1, 1972
Twenty-third Supplemental Indenture .....	December 1, 1972
Twenty-fourth Supplemental Indenture .....	June 1, 1973
Twenty-fifth Supplemental Indenture.....	December 1, 1973
Twenty-sixth Supplemental Indenture.....	June 1, 1974
Twenty-seventh Supplemental Indenture .....	November 1, 1974
Twenty-eighth Supplemental Indenture.....	July 1, 1975
Twenty-ninth Supplemental Indenture .....	December 1, 1977
Thirtieth Supplemental Indenture .....	July 1, 1978
Thirty-first Supplemental Indenture .....	February 1, 1979
Thirty-second Supplemental Indenture.....	December 1, 1980
Thirty-third Supplemental Indenture .....	January 1, 1981
Thirty-fourth Supplemental Indenture .....	August 1, 1981
Thirty-fifth Supplemental Indenture .....	February 1, 1982
Thirty-sixth Supplemental Indenture .....	December 1, 1982
Thirty-seventh Supplemental Indenture.....	February 1, 1983
Thirty-eighth Supplemental Indenture.....	December 1, 1984
Thirty-ninth Supplemental Indenture.....	December 1, 1985
Fortieth Supplemental Indenture.....	July 1, 1986
Forty-first Supplemental Indenture.....	July 1, 1989
Forty-second Supplemental Indenture .....	February 1, 1990
Forty-third Supplemental Indenture.....	October 1, 1990
Forty-fourth Supplemental Indenture .....	November 1, 1990
Forty-fifth Supplemental Indenture .....	January 1, 1991
Forty-sixth Supplemental Indenture .....	August 1, 1992
Forty-seventh Supplemental Indenture .....	November 1, 1992
Forty-eighth Supplemental Indenture .....	June 15, 1993
Forty-ninth Supplemental Indenture .....	August 1, 1993
Fiftieth Supplemental Indenture .....	October 1, 1993
Fifty-first Supplemental Indenture.....	October 1, 1993
Fifty-second Supplemental Indenture.....	June 15, 1994

Designation

Dated as of

Fifty-third Supplemental Indenture.....	March 1, 1996
Fifty-fourth Supplemental Indenture .....	March 1, 1997
Fifty-fifth Supplemental Indenture .....	March 1, 2000
Fifty-sixth Supplemental Indenture .....	July 1, 2001
Fifty-seventh Supplemental Indenture .....	March 1, 2002
Fifty-eighth Supplemental Indenture .....	November 1, 2002
Fifty-ninth Supplemental Indenture.....	May 1, 2003
Sixtieth Supplemental Indenture.....	June 1, 2003

which supplemental indentures were appropriately filed or recorded in various official records in the States of Arkansas, Missouri, Tennessee and Wyoming, as applicable; and

WHEREAS, in addition to the property described in the Mortgage, as heretofore supplemented, the Company has acquired certain other property, rights and interests in property; and

WHEREAS, the Company has heretofore issued, in accordance with the provisions of the Mortgage, as supplemented, the following series of First Mortgage Bonds:

<u>Series</u>	<u>Principal Amount Issued</u>	<u>Principal Amount Outstanding</u>
3 1/8% Series due 1974.....	\$30,000,000	None
2 7/8% Series due 1977.....	11,000,000	None
3 1/8% Series due 1978.....	7,500,000	None
2 7/8% Series due 1979.....	8,700,000	None
2 7/8% Series due 1980.....	6,000,000	None
3 5/8% Series due 1981.....	8,000,000	None
3 1/2% Series due 1982.....	15,000,000	None
4 1/4% Series due 1983.....	18,000,000	None
3 1/4% Series due 1984.....	7,500,000	None
3 3/8% Series due 1985.....	18,000,000	None
5 5/8% Series due 1989.....	15,000,000	None
4 7/8% Series due 1991.....	12,000,000	None
4 3/8% Series due 1993.....	15,000,000	None
4 5/8% Series due 1995.....	25,000,000	None
5 3/4% Series due 1996.....	25,000,000	None
5 7/8% Series due 1997.....	30,000,000	None
7 3/8% Series due 1998.....	15,000,000	None
9 1/4% Series due 1999.....	25,000,000	None
9 5/8% Series due 2000.....	25,000,000	None
7 5/8% Series due 2001.....	30,000,000	None



<u>Series</u>	<u>Principal Amount Issued</u>	<u>Principal Amount Outstanding</u>
8 % Series due August 1, 2001 .....	30,000,000	None
7 3/4% Series due 2002.....	35,000,000	None
7 1/2% Series due December 1, 2002 .....	15,000,000	None
8 % Series due 2003.....	40,000,000	None
8 1/8% Series due December 1, 2003 .....	40,000,000	None
10 1/2% Series due 2004.....	40,000,000	None
9 1/4% Series due November 1, 1981.....	60,000,000	None
10 1/8% Series due July 1, 2005.....	40,000,000	None
9 1/8% Series due December 1, 2007 .....	75,000,000	None
9 7/8% Series due July 1, 2008.....	75,000,000	None
10 1/4% Series due February 1, 2009 .....	60,000,000	None
16 1/8% Series due December 1, 1986 .....	70,000,000	None
4 1/2% Series due September 1, 1983 .....	\$1,202,000	None
5 1/2% Series due January 1, 1988 .....	598,310	None
5 5/8% Series due May 1, 1990 .....	1,400,000	None
6 1/4% Series due December 1, 1996 .....	3,560,000	None
9 3/4% Series due September 1, 2000 .....	4,600,000	None
8 3/4% Series due March 1, 1998 .....	9,800,000	None
17 3/8% Series due August 1, 1988.....	75,000,000	None
16 1/2% Series due February 1, 1991 .....	80,000,000	None
13 3/8% Series due December 1, 2012 .....	75,000,000	None
13 1/4% Series due February 1, 2013 .....	25,000,000	None
14 1/8% Series due December 1, 2014.....	100,000,000	None
Pollution Control Series A.....	128,800,000	None
10 1/4% Series due July 1, 2016.....	50,000,000	None
9 3/4% Series due July 1, 2019.....	75,000,000	None
10% Series due February 1, 2020 .....	150,000,000	None
10 3/8% Series due October 1, 2020.....	175,000,000	None
Solid Waste Disposal Series A .....	21,066,667	None
Solid Waste Disposal Series B.....	28,440,000	None
7 1/2% Series due August 1, 2007.....	100,000,000	100,000,000
7.90% Series due November 1, 2002.....	25,000,000	None
8.70% Series due November 1, 2022.....	25,000,000	None
Pollution Control Series B .....	46,875,000	46,875,000
6.65% Series due August 1, 2005 .....	115,000,000	115,000,000
6 % Series due October 1, 2003.....	155,000,000	155,000,000
7 % Series due October 1, 2023.....	175,000,000	175,000,000
Pollution Control Series C .....	20,319,000	20,319,000
Pollution Control Series D.....	9,586,400	9,586,400
8 3/4% Series due March 1, 2026 .....	85,000,000	None
7% Series due March 1, 2002 .....	85,000,000	None
7.72 % Series due March 1, 2003 .....	100,000,000	None
6 1/8 % Series due July 1, 2005.....	100,000,000	100,000,000

<u>Series</u>	<u>Principal Amount Issued</u>	<u>Principal Amount Outstanding</u>
6.70% Series due April 1, 2032 .....	100,000,000	100,000,000
6.00% Series due November 1, 2032 .....	100,000,000	100,000,000
5.40% Series due May 1, 2018 .....	150,000,000	150,000,000
5.90% Series due June 1, 2033 .....	100,000,000	100,000,000

which bonds are also hereinafter sometimes called bonds of the First through \_\_\_\_ Series, respectively; and

WHEREAS, Section 8 of the Mortgage provides that the form of each series of bonds (other than the First Series) issued thereunder and of the coupons to be attached to coupon bonds of such series shall be established by Resolution of the Board of Directors of the Company and that the form of such series, as established by said Board of Directors, shall specify the descriptive title of the bonds and various other terms thereof, and may also contain such provisions not inconsistent with the provisions of the Mortgage as the Board of Directors may, in its discretion, cause to be inserted therein expressing or referring to the terms and conditions upon which such bonds are to be issued and/or secured under the Mortgage; and

WHEREAS, Section 120 of the Mortgage provides, among other things, that any power, privilege or right expressly or impliedly reserved to or in any way conferred upon the Company by any provision of the Mortgage, whether such power, privilege or right is in any way restricted or is unrestricted, may be in whole or in part waived or surrendered or subjected to any restriction if at the time unrestricted or to additional restriction if already restricted, and the Company may enter into any further covenants, limitations or restrictions for the benefit of any one or more series of bonds issued thereunder, or the Company may cure any ambiguity contained therein or in any supplemental indenture, or may establish the terms and provisions of any series of bonds other than said First Series, by an instrument in writing executed and acknowledged by the Company in such manner as would be necessary to entitle a conveyance of real estate to record in all of the states in which any property at the time subject to the lien of the Mortgage shall be situated; and

WHEREAS, the Company now desires to create a new series of bonds, hereinafter referred to as bonds of the \_\_\_\_ Series, which term shall include the Private Bonds of the \_\_\_\_ Series and the Exchange Bonds of the \_\_\_\_ Series (each as defined herein), unless the context otherwise requires, and (pursuant to the provisions of Section 120 of the Mortgage) to add to its covenants and agreements contained in the Mortgage, as heretofore supplemented, certain other covenants and agreements to be observed by it and to alter and amend in certain respects the covenants and provisions contained in the Mortgage, as heretofore supplemented; and

WHEREAS, the execution and delivery by the Company of this Supplemental Indenture, and the terms of the bonds of the \_\_\_\_ Series, have been duly

authorized by the Board of Directors of the Company by appropriate Resolutions of said Board of Directors.

NOW, THEREFORE, THIS INDENTURE WITNESSETH:

That the Company, in consideration of the premises and of One Dollar to it duly paid by the Trustees at or before the ensealing and delivery of these presents, the receipt whereof is hereby acknowledged, and in further evidence of assurance of the estate, title and rights of the Trustees and in order further to secure the payment of both the principal of and interest and premium, if any, on the bonds from time to time issued under the Mortgage, according to their tenor and effect and the performance of all the provisions of the Mortgage (including any instruments supplemental thereto and any modifications made as in the Mortgage provided) and of said bonds, hereby grants, bargains, sells, releases, conveys, assigns, transfers, mortgages, hypothecates, affects, pledges, sets over and confirms (subject, however, to Excepted Encumbrances as defined in Section 6 of the Mortgage) unto BNY Trust Company of Missouri (as to property, real or personal, situated or being in Missouri) and Stanley Burg (but, as to property, real or personal, situated or being in Missouri, only to the extent of his legal capacity to hold the same for the purposes hereof) and (to the extent of its legal capacity to hold the same for the purposes hereof) to Deutsche Bank Trust Company Americas, as Trustees under the Mortgage, and to their successor or successors in said trust, and to them and their successors and assigns forever, all property, real, personal or mixed, of any kind or nature acquired by the Company after the date of the execution and delivery of the Mortgage (except any herein or in the Mortgage, as heretofore supplemented, expressly excepted), now owned or, subject to the provisions of Section 87 of the Mortgage, hereafter acquired by the Company (by purchase, consolidation, merger, donation, construction, erection or in any other way) and wheresoever situated, including (without in anywise limiting or impairing by the enumeration of the same the scope and intent of the foregoing or of any general description contained in this \_\_\_\_ Supplemental Indenture) all lands, power sites, flowage rights, water rights, water locations, water appropriations, ditches, flumes, reservoirs, reservoir sites, canals, raceways, dams, dam sites, aqueducts, and all other rights or means for appropriating, conveying, storing and supplying water; all rights of way and roads; all plants for the generation of electricity by steam, water and/or other power; all power houses, gas plants, street lighting systems, standards and other equipment incidental thereto; all street and interurban railway and transportation lines and systems, terminal systems and facilities; all bridges, culverts, tracks, railways, sidings, spurs, wyes, roadbeds, trestles and viaducts; all overground and underground trolleys and feeder wires; all telephone, radio and television systems, air-conditioning systems and equipment incidental thereto, water works, water systems, steam heat and hot water plants, substations, lines, service and supply systems, ice or refrigeration plants and equipment, offices, buildings and other structures and the equipment thereof, all machinery, engines, boilers, dynamos, electric, gas and other machines, regulators, meters, transformers, generators, motors, electrical, gas and mechanical appliances, conduits, cables, water, steam heat, gas or other pipes, gas mains and pipes, service pipes, fittings, valves and connections, pole and transmission lines, wires, cables, tools, implements, apparatus, furniture and chattels; all municipal and other franchises, consents or permits; all lines for the transmission and distribution of electric current, gas,

steam heat or water for any purpose including towers, poles, wires, cables, pipes, conduits, ducts and all apparatus for use in connection therewith; all real estate, lands, easements, servitudes, licenses, permits, franchises, privileges, rights of way and other rights in or relating to real estate or the occupancy of the same and (except as herein or in the Mortgage, as heretofore supplemented, expressly excepted) all the right, title and interest of the Company in and to all other property of any kind or nature appertaining to and/or used and/or occupied and/or enjoyed in connection with any property hereinbefore or in the Mortgage, as heretofore supplemented, described.

TOGETHER WITH all and singular the tenements, hereditaments, prescriptions, servitudes and appurtenances belonging or in anywise appertaining to the aforesaid property or any part thereof, with the reversion and reversions, remainder and remainders and (subject to the provisions of Section 57 of the Mortgage) the tolls, rents, revenues, issues, earnings, income, product and profits thereof and all the estate, right, title and interest and claim whatsoever, at law as well as in equity, which the Company now has or may hereafter acquire in and to the aforesaid property and franchises and every part and parcel thereof.

IT IS HEREBY AGREED by the Company that, subject to the provisions of Section 87 of the Mortgage, all the property, rights and franchises acquired by the Company (by purchase, consolidation, merger, donation, construction, erection or in any other way) after the date hereof, except any herein or in the Mortgage, as heretofore supplemented, expressly excepted, shall be and are as fully granted and conveyed hereby and by the Mortgage and as fully embraced within the lien hereof and the lien of the Mortgage, as heretofore supplemented, as if such property, rights and franchises were now owned by the Company and were specifically described herein or in the Mortgage and conveyed hereby or thereby.

PROVIDED THAT the following are not and are not intended to be now or hereafter granted, bargained, sold, released, conveyed, assigned, transferred, mortgaged, hypothecated, affected, pledged, set over or confirmed hereunder and are hereby expressly excepted from the lien and operation of this \_\_\_\_ Supplemental Indenture and from the lien and operation of the Mortgage, as heretofore supplemented, viz: (1) cash, shares of stock, bonds, notes and other obligations and other securities not hereafter specifically pledged, paid, deposited, delivered or held under the Mortgage or covenanted so to be; (2) merchandise, equipment, materials or supplies held for the purpose of sale in the usual course of business or for the purpose of repairing or replacing (in whole or in part) any street cars, rolling stock, trolley coaches, motor coaches, buses, automobiles or other vehicles or aircraft, and fuel, oil and similar materials and supplies consumable in the operation of any properties of the Company; street cars, rolling stock, trolley coaches, motor coaches, buses, automobiles and other vehicles and all aircraft; (3) bills, notes and accounts receivable, judgments, demands and choses in action, and all contracts, leases and operating agreements not specifically pledged under the Mortgage, as heretofore supplemented, or covenanted so to be; the Company's contractual rights or other interest in or with respect to tires not owned by the Company; (4) the last day of the term of any lease or leasehold which may hereafter become subject to the lien of the Mortgage; (5) electric energy, gas, ice, and other materials or products generated, manufactured,

produced or purchased by the Company for sale, distribution or use in the ordinary course of its business; all timber, minerals, mineral rights and royalties; (6) the Company's franchise to be a corporation; (7) the properties heretofore sold or in the process of being sold by the Company and heretofore released from the Mortgage and Deed of Trust dated as of October 1, 1926 from Arkansas Power & Light Company to Guaranty Trust Company of New York, trustee, and specifically described in a release instrument executed by Guaranty Trust Company of New York, as trustee, dated October 13, 1938, which release has heretofore been delivered by the said trustee to the Company and recorded by the Company in the office of the Recorder for Garland County, Arkansas, in Record Book 227, Page 1, all of said properties being located in Garland County, Arkansas; and (8) any property heretofore released pursuant to any provisions of the Mortgage and not heretofore disposed of by the Company; provided, however, that the property and rights expressly excepted from the lien and operation of the Mortgage, as heretofore supplemented, and this \_\_\_\_ Supplemental Indenture in the above subdivisions (2) and (3) shall (to the extent permitted by law) cease to be so excepted in the event and as of the date that any or all of the Trustees or a receiver or trustee shall enter upon and take possession of the Mortgaged and Pledged Property in the manner provided in Article XIII of the Mortgage by reason of the occurrence of a Default as defined in Section 65 thereof.

TO HAVE AND TO HOLD all such properties, real, personal and mixed, granted, bargained, sold, released, conveyed, assigned, transferred, mortgaged, hypothecated, affected, pledged, set over or confirmed by the Company as aforesaid, or intended so to be, unto BNY Trust Company of Missouri (as to property, real or personal, situated or being in Missouri), and unto Stanley Burg (but, as to property, real or personal, situated or being in Missouri, only to the extent of his legal capacity to hold the same for the purposes hereof) and (to the extent of its legal capacity to hold the same for the purposes hereof) unto Deutsche Bank Trust Company Americas, as Trustees, and their successors and assigns forever.

IN TRUST NEVERTHELESS, for the same purposes and upon the same terms, trusts and conditions and subject to and with the same provisos and covenants as are set forth in the Mortgage, as heretofore supplemented, this \_\_\_\_\_ Supplemental Indenture being supplemental to the Mortgage.

AND IT IS HEREBY COVENANTED by the Company that all the terms, conditions, provisos, covenants and provisions contained in the Mortgage, as heretofore supplemented, shall affect and apply to the property hereinbefore described and conveyed and to the estate, rights, obligations and duties of the Company and Trustees and the beneficiaries of the trust with respect to said property, and to the Trustees and their successors in the trust in the same manner and with the same effect as if said property had been owned by the Company at the time of the execution of the Mortgage, and had been specifically and at length described in and conveyed to said Trustees, by the Mortgage as a part of the property therein stated to be conveyed.

The Company further covenants and agrees to and with the Trustees and their successors in said trust under the Mortgage, as follows:

## ARTICLE I

### \_\_\_\_ SERIES OF BONDS

SECTION 1. There shall be a series of bonds designated “\_\_\_\_% Series due \_\_\_\_” (herein sometimes called the “\_\_\_\_Series”), each of which shall also bear the descriptive title “First Mortgage Bond”, and the form thereof, which shall be established by Resolution of the Board of Directors of the Company, shall contain suitable provisions with respect to the matters hereinafter in this Section specified. Bonds of the \_\_\_\_Series (which shall be initially issued in the aggregate principal amount of \$\_\_\_\_) shall mature on \_\_\_\_\_, shall be issued as fully registered bonds in the denomination of One Thousand Dollars and, at the option of the Company, in any multiple or multiples of One Thousand Dollars (the exercise of such option to be evidenced by the execution and delivery thereof), shall bear interest at the rate of \_\_\_\_% per annum, the first interest payment to be made on \_\_\_\_\_, for the period from \_\_\_\_\_ to \_\_\_\_\_ with subsequent interest payments payable semi-annually on \_\_\_\_\_ and \_\_\_\_\_ of each year (each an “Interest Payment Date”), shall be dated as in Section 10 of the Mortgage provided, and the principal of and interest on each said bond shall be payable at the office or agency of the Company in the Borough of Manhattan, The City of New York, in such coin or currency of the United States of America as at the time of payment is legal tender for public and private debts.

Interest on the bonds of the \_\_\_\_Series will be computed on the basis of a 360-day year of twelve 30-day months. In any case where any Interest Payment Date, redemption date or maturity of any bond of the \_\_\_\_Series shall not be a Business Day, then payment of interest or principal need not be made on such date, but may be made on the next succeeding Business Day, with the same force and effect, and in the same amount, as if made on the corresponding Interest Payment Date or redemption date, or at maturity, as the case may be, and, if such payment is made or duly provided for on such Business Day, no interest shall accrue on the amount so payable for the period from and after such Interest Payment Date, redemption date or maturity, as the case may be, to such Business Day. “Business Day” means any day, other than a Saturday or a Sunday, or a day on which banking institutions in The City of New York are authorized or required by law or executive order to remain closed or a day on which the corporate trust office of the Corporate Trustee is closed for business.

So long as all of the bonds of the \_\_\_\_Series are held by The Depository Trust Company or its nominee, or a successor thereof, the record date for the payment of interest on the bonds of the \_\_\_\_Series shall be the Business Day immediately preceding the corresponding Interest Payment Date; provided, however, that the record date for the payment of interest which is paid after such Interest Payment Date, shall be the Business Day immediately preceding the date on which such interest is paid. Interest on the bonds of the \_\_\_\_Series shall be paid to the Person in whose name such bonds of the \_\_\_\_Series are registered at the close of business on the record date for the corresponding Interest Payment Date.

(I) The Company has entered into a Registration Rights Agreement dated as of \_\_\_\_\_ (the "Registration Rights Agreement") with the initial purchasers of the Bonds of the \_\_\_\_\_ Series pursuant to which the Bonds of the \_\_\_\_\_ Series that are issued and sold without registration (the "Private Bonds of the \_\_\_\_\_ Series") under the Securities Act of 1933, as amended (the "Securities Act"), may be exchanged for Bonds of the Series that will be registered under the Securities Act and that will otherwise have substantially the same terms as the Private Bonds of the \_\_\_\_\_ Series (the "Exchange Bonds of the \_\_\_\_\_ Series"), or, failing such exchange, the Company has agreed to file a shelf registration statement for the resale of the Private Bonds of the \_\_\_\_\_ Series. The Private Bonds of the \_\_\_\_\_ Series will be offered and sold by the Company in reliance on an exemption from registration under the Securities Act, and Private Bonds of the \_\_\_\_\_ Series will be exchanged for Exchange Bonds of the \_\_\_\_\_ Series only pursuant to an effective registration statement under the Securities Act and otherwise in accordance with the Registration Rights Agreement and the Mortgage. The Private Bonds of the \_\_\_\_\_ Series and the Exchange Bonds of the \_\_\_\_\_ Series will constitute a single series of bonds under the Mortgage. Exchange Bonds of the \_\_\_\_\_ Series shall be authenticated and delivered by the Trustee at one time or from time to time upon the written order or orders of the Company in principal amounts equal to the principal amounts of the Private Bonds of the Series surrendered in exchange therefor.

(II) Form of Bonds of the \_\_\_\_\_ Series. The Bonds of the \_\_\_\_\_ Series, and the Corporate Trustee's authentication certificate to be executed on the Bonds of the \_\_\_\_\_ Series, shall be in substantially the following forms, respectively:

[FORM OF FACE OF BOND OF THE \_\_\_\_ SERIES]

[depository legend]

Unless this Certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the Company or its agent for registration of transfer, exchange, or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

[non-registration legend to be included on Private Bonds of the \_\_\_\_ Series]

THIS SECURITY (OR PREDECESSOR) WAS ORIGINALLY ISSUED IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND THIS SECURITY MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OR PURSUANT TO AN APPLICABLE EXEMPTION THEREFROM OR A TRANSACTION NOT SUBJECT THERETO. EACH PURCHASER OF THIS SECURITY IS HEREBY NOTIFIED THAT THE SELLER OF THIS SECURITY MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER.

THE HOLDER OF THIS SECURITY AGREES FOR THE BENEFIT OF THE COMPANY THAT (A) THIS SECURITY MAY BE OFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED PRIOR TO THE DATE WHICH IS TWO YEARS AFTER THE LATER OF THE ORIGINAL ISSUANCE DATE THEREOF AND THE LAST DATE ON WHICH THE COMPANY OR ANY AFFILIATE OF THE COMPANY WAS THE OWNER OF THIS SECURITY OR THE EXPIRATION OF SUCH SHORTER PERIOD AS MAY BE PRESCRIBED BY RULE 144(K), OR ANY SUCCESSOR PROVISION THEREOF, UNDER THE SECURITIES ACT (THE "RESALE RESTRICTION TERMINATION DATE"), ONLY (I) TO THE COMPANY, (II) INSIDE THE UNITED STATES TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (III) OUTSIDE THE UNITED STATES IN A TRANSACTION COMPLYING WITH THE PROVISIONS OF RULE 903 OR 904 UNDER THE SECURITIES ACT, (IV) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE) OR PURSUANT TO ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF, OR IN A TRANSACTION NOT SUBJECT TO, THE SECURITIES ACT OR (V) PURSUANT TO AN EFFECTIVE



REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH OF CLAUSES (I) THROUGH (V) IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES, AND (B) THE HOLDER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY SUBSEQUENT PURCHASER OF THIS SECURITY FROM IT OF THE RESALE RESTRICTIONS REFERRED TO IN CLAUSE (A) ABOVE. THE FOREGOING RESTRICTIONS ON RESALE WILL NOT APPLY SUBSEQUENT TO THE RESALE RESTRICTION TERMINATION DATE. THE HOLDER OF THIS SECURITY ACKNOWLEDGES THAT THE COMPANY RESERVES THE RIGHT PRIOR TO ANY OFFER, SALE OR OTHER TRANSFER (1) PURSUANT TO CLAUSE (IV) PRIOR TO THE RESALE RESTRICTION TERMINATION DATE TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATIONS OR OTHER INFORMATION SATISFACTORY TO THE COMPANY AND (2) IN EACH OF THE FOREGOING CASES, TO REQUIRE THAT A CERTIFICATE AS TO COMPLIANCE WITH CERTAIN CONDITIONS TO TRANSFER IS COMPLETED AND DELIVERED BY THE TRANSFEROR TO THE COMPANY.

[registration rights legend to be included on Private Bonds of the \_\_\_\_Series]

BY ITS ACCEPTANCE OF THE SECURITIES EVIDENCED HEREBY OR A BENEFICIAL INTEREST IN SUCH SECURITIES, THE HOLDER OF, AND ANY PERSON THAT ACQUIRES A BENEFICIAL INTEREST IN, SUCH SECURITIES AGREES TO BE BOUND BY THE PROVISIONS OF THE REGISTRATION RIGHTS AGREEMENT (THE "REGISTRATION RIGHTS AGREEMENT") DATED AS OF \_\_\_\_AND RELATING TO THE REGISTRATION UNDER THE SECURITIES ACT OF SECURITIES EXCHANGEABLE FOR THE SECURITIES EVIDENCED HEREBY AND REGISTRATION OF THE SECURITIES EVIDENCED HEREBY.

(TEMPORARY REGISTERED BOND)

No. TR-\_\_\_\_  
\$

CUSIP

ENTERGY ARKANSAS, INC.  
FIRST MORTGAGE BOND, \_\_\_\_% SERIES  
DUE \_\_\_\_\_

ENTERGY ARKANSAS, INC., a corporation of the State of Arkansas (hereinafter called the Company), for value received, hereby promises to pay to CEDE & CO. or registered assigns, on \_\_\_\_\_ at the office or agency of the Company in the Borough of Manhattan, The City of New York,

\_\_\_\_\_ DOLLARS

in such coin or currency of the United States of America as at the time of payment is legal tender for public and private debts, and to pay to the registered owner hereof interest thereon from \_\_\_\_\_, if the date of this bond is prior to \_\_\_\_, or if the date of this bond is on or after \_\_\_\_, from the \_\_\_\_\_ next preceding the date of this bond to which interest has been paid (unless the date hereof is an interest payment date to which interest has been paid, in which case from the date hereof), at the rate of \_\_\_\_% per annum in like coin or currency at said office or agency on \_\_\_\_\_ of each year, commencing \_\_\_\_\_, until the principal of this bond shall have become due and payable, and to pay interest on any overdue principal and (to the extent that payment of such interest is enforceable under the applicable law) on any overdue installment of interest at the rate of 6% per annum. [If the Company does not comply with certain of its obligations under the Registration Rights Agreement, this bond shall, in accordance with Section 2(e) of the Registration Rights Agreement, bear additional interest ("Additional Interest") in addition to the interest provided for in the immediately preceding sentence. For purposes of this bond, the term "interest" shall be deemed to include interest provided for in the second immediately preceding sentence and Additional Interest, if any.]\* So long as this bond is held by The Depository Trust Company or its nominee, or a successor thereof, the record date for the payment of interest hereon shall be the Business Day (as defined in the \_\_\_\_\_ Supplemental Indenture referred to below) immediately preceding the date on which interest is due; provided, however, that the record date for the payment of interest which is paid after the date on which such interest is due, shall be the Business Day immediately preceding the date on which such interest is paid. Interest hereon shall be paid to the Person in whose name this bond is registered at the close of business on the record date for the payment of such interest. If any interest payment date for this bond falls on a day that is not a Business Day, the payment of interest will be made on the next succeeding Business Day, and no interest on such payment shall accrue for the period from and after such interest payment date. If the maturity date or any redemption date of this bond falls on a day that is not a Business Day, the payment of principal and interest (to the extent payable with respect to the principal being redeemed if on a redemption date) will be

\* Include bracketed language only in a Private Bond of the \_\_\_\_\_ Series

made on the next succeeding Business Day, and no interest on such payment shall accrue for the period from and after the maturity date or such redemption date.

This bond is a temporary bond and is one of an issue of bonds of the Company issuable in series and is one of a series known as its First Mortgage Bonds, \_\_% Series due \_\_\_\_, all bonds of all series issued and to be issued under and equally secured (except insofar as any sinking or other fund, established in accordance with the provisions of the Mortgage hereinafter mentioned, may afford additional security for the bonds of any particular series) by a Mortgage and Deed of Trust (herein, together with any indenture supplemental thereto, including the \_\_\_\_ Supplemental Indenture dated as of \_\_\_\_, called the Mortgage), dated as of October 1, 1944, executed by the Company to Guaranty Trust Company of New York (Deutsche Bank Trust Company Americas, successor) and Henry A. Theis (Stanley Burg, successor) and, as to property, real or personal, situated or being in Missouri, Marvin A. Mueller (BNY Trust Company of Missouri, successor), as Trustees. Reference is made to the Mortgage for a description of the property mortgaged and pledged, the nature and extent of the security, the rights of the holders of the bonds and of the Trustees in respect thereof, the duties and immunities of the Trustees and the terms and conditions upon which the bonds are and are to be secured and the circumstances under which additional bonds may be issued. With the consent of the Company and to the extent permitted by and as provided in the Mortgage, the rights and obligations of the Company and/or the rights of the holders of the bonds and/or coupons and/or the terms and provisions of the Mortgage may be modified or altered by such affirmative vote or votes of the holders of bonds then outstanding as are specified in the Mortgage.

The principal hereof may be declared or may become due prior to the maturity date hereinbefore named on the conditions, in the manner and at the time set forth in the Mortgage, upon the occurrence of a default as in the Mortgage provided.

In the manner prescribed in the Mortgage, this bond is transferable by the registered owner hereof in person, or by his duly authorized attorney, at the office or agency of the Company in the Borough of Manhattan, The City of New York, upon surrender and cancellation of this bond, together with a written instrument of transfer duly executed by the registered owner or by his duly authorized attorney, and thereupon a new fully registered temporary or definitive bond of the same series for a like principal amount will be issued to the transferee in exchange herefor as provided in the Mortgage. The Company and the Trustees may deem and treat the person in whose name this bond is registered as the absolute owner hereof for the purpose of receiving payment and for all other purposes and neither the Company nor the Trustees shall be affected by any notice to the contrary.

In the manner prescribed in the Mortgage, any bonds of this series, upon surrender thereof for cancellation at the office or agency of the Company in the Borough of Manhattan, The City of New York, are exchangeable for a like aggregate principal amount of bonds of the same series of other authorized denominations.

In the manner prescribed in the Mortgage, this temporary bond is exchangeable at the office or agency of the Company in the Borough of Manhattan, The City of New York, without charge, for a definitive bond or bonds of the same series of a like aggregate principal amount when such definitive bonds are prepared and ready for delivery.

As provided in the Mortgage, the Company shall not be required to make transfers or exchanges of bonds of any series for a period of ten days next preceding any interest payment date for bonds of said series, or next preceding any designation of bonds of said series to be redeemed, and the Company shall not be required to make transfers or exchanges of any bonds designated in whole or in part for redemption.

The bonds of this series are subject to redemption as provided in the \_\_\_\_\_ Supplemental Indenture.

No recourse shall be had for the payment of the principal of or interest on this bond against any incorporator or any past, present or future subscriber to the capital stock, stockholder, officer or director of the Company or of any predecessor or successor corporation, as such, either directly or through the Company or any predecessor or successor corporation, under any rule of law, statute or constitution or by the enforcement of any assessment or otherwise, all such liability of incorporators, subscribers, stockholders, officers and directors being released by the holder or owner hereof by the acceptance of this bond and being likewise waived and released by the terms of the Mortgage.

This bond shall be construed in accordance with and governed by the laws of the State of New York.

This bond shall not become obligatory until Deutsche Bank Trust Company Americas, the Corporate Trustee under the Mortgage, or its successor thereunder, shall have signed the form of authentication certificate endorsed hereon.

IN WITNESS WHEREOF, ENTERGY ARKANSAS, INC. has caused this bond to be signed in its corporate name by its President or one of its Vice Presidents by his signature or a facsimile thereof, and its corporate seal to be impressed or imprinted hereon and attested by its Secretary or one of its Assistant Secretaries, by his signature or a facsimile thereof, on \_\_\_\_\_.

ENTERGY ARKANSAS, INC.

By \_\_\_\_\_  
Steven C. McNeal  
Vice President and Treasurer

Attest:

\_\_\_\_\_  
Christopher T. Screen  
Assistant Secretary

CORPORATE TRUSTEE'S AUTHENTICATION CERTIFICATE

This bond is one of the bonds, of the series herein designated, described or provided for in the within-mentioned Mortgage.

DEUTSCHE BANK TRUST  
COMPANY AMERICAS,

as Corporate Trustee

By

\_\_\_\_\_  
Authorized Officer

(III) The bonds of the \_\_\_\_ Series shall be redeemable at the option of the Company, in whole or in part, on not less than 30 days nor more than 60 days notice prior to the date fixed for redemption, (a) at any time prior to \_\_\_\_, at a redemption price equal to the greater of (i) 100% of the principal amount of such bonds of the \_\_\_\_ Series to be redeemed and (ii) as determined by the Independent Investment Banker, the sum of (x) the present value of the payment on \_\_\_\_ of the principal amount of such bonds of the \_\_\_\_ Series to be redeemed plus (y) the sum of the present values of the remaining scheduled payments of interest on such bonds of the \_\_\_\_ Series to be redeemed to \_\_\_\_ (excluding the portion of any such interest accrued to such redemption date), discounted (for purposes of determining such present values) to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Adjusted Treasury Rate plus \_\_%, and (b) at any time on or after \_\_\_\_, prior to maturity of the bonds of the \_\_\_\_ Series, at a redemption price equal to 100% of the principal amount of such bonds of the \_\_\_\_ Series to be redeemed, plus, in each case, accrued and unpaid interest thereon to the redemption date.

As used herein, the following defined terms shall have the respective meanings specified unless the context clearly requires otherwise:

The term "Adjusted Treasury Rate" shall mean, with respect to any redemption date:

(1) the yield, under the heading which represents the average for the immediately preceding week, appearing in the most recently published statistical release designated "H.15(519)" or any successor publication which is published weekly by the Board of Governors of the Federal Reserve System and which establishes yields on actively traded United States Treasury securities adjusted to constant maturity under the caption "Treasury Constant Maturities," for the maturity corresponding to the Comparable Treasury Issue (if no maturity is within three months before or after \_\_\_\_, yields for the two published maturities most closely corresponding to the Comparable Treasury Issue shall be determined and the Adjusted Treasury Rate shall be interpolated or extrapolated from such yields on a straight line basis, rounding to the nearest month); or

(2) if such release (or any successor release) is not published during the week preceding the calculation date for the Adjusted Treasury Rate or does not contain such yields, the rate per annum equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue, calculated using a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date.

The Adjusted Treasury Rate shall be calculated on the third Business Day preceding the redemption date.

The term "Comparable Treasury Issue" shall mean the United States Treasury security selected by the Independent Investment Banker as having a maturity comparable to June 1, 2013 that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to \_\_\_\_.

The term "Comparable Treasury Price" shall mean, with respect to any redemption date, (i) the average of five Reference Treasury Dealer Quotations for such redemption date after excluding the highest and lowest such Reference Treasury Dealer Quotations or (ii) if the Independent Investment Banker obtains fewer than five such Reference Treasury Dealer Quotations, the average of all such Reference Treasury Dealer Quotations.

The term "Independent Investment Banker" shall mean one of the Reference Treasury Dealers that the Company appoints to act as the Independent Investment Banker from time to time, or, if any of such firms is unwilling or unable to select the Comparable Treasury Issue, an independent investment banking institution of national standing appointed by the Company.

The term "Reference Treasury Dealer" shall mean (i) \_\_\_\_\_ and their respective successors; provided, however, that if any of the foregoing shall cease to be a primary U.S. Government securities dealer in New York City (a "Primary Treasury Dealer"), the Company shall substitute therefor another Primary Treasury Dealer, and (ii) any other Primary Treasury Dealer selected by the Independent Investment Banker after consultation with the Company.

The term "Reference Treasury Dealer Quotations" shall mean, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the Independent Investment Banker, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Independent Investment Banker at 5:00 p.m. on the third Business Day preceding such redemption date.

(IV) At the option of the registered owner, any bonds of the \_\_\_\_ Series, upon surrender thereof for cancellation at the office or agency of the Company in the Borough of Manhattan, The City of New York, shall be exchangeable for a like aggregate principal amount of bonds of the same series of other authorized denominations.

Bonds of the \_\_\_\_ Series shall be transferable, upon the surrender thereof for cancellation, together with a written instrument of transfer in form approved by the registrar duly executed by the registered owner or by his duly authorized attorney, at the office or agency of the Company in the Borough of Manhattan, The City of New York.

Upon any exchange or transfer of bonds of the \_\_\_\_ Series, the Company may make a charge therefor sufficient to reimburse it for any tax or taxes or other governmental charge, as provided in Section 12 of the Mortgage, but the Company

hereby waives any right to make a charge in addition thereto for any exchange or transfer of bonds of said Series.

Upon the delivery of this \_\_\_\_ Supplemental Indenture and upon compliance with the applicable provisions of the Mortgage, as heretofore supplemented, there shall be an initial issue of bonds of the \_\_\_\_ Series for the aggregate principal amount of \$\_.

## ARTICLE II

### DIVIDEND COVENANT

(I) The Company covenants that, so long as any of the bonds of the \_\_ Series are Outstanding, it will not declare any dividends on its Common Stock (other than (a) a dividend payable solely in shares of its Common Stock, or (b) a dividend payable in cash in cases where, concurrently with the payment of such dividend, an amount in cash equal to such dividend is received by the Company as a capital contribution or as the proceeds of the issue and sale of shares of its Common Stock) or make any distribution on outstanding shares of its Common Stock or purchase or otherwise acquire for value any outstanding shares of its Common Stock (otherwise than in exchange for or out of the proceeds from the sale of other shares of its Common Stock) if, after such dividend, distribution, purchase or acquisition, the aggregate amount of such dividends, distributions, purchases and acquisitions paid or made subsequent to \_\_\_\_ (other than any dividend declared by the Company on or before \_\_\_\_ ) exceeds (without giving effect to (i) any of such dividends, distributions, purchases or acquisitions, or (ii) any net transfers from retained earnings to stated capital accounts) the sum of (a) the aggregate amount credited subsequent to \_\_\_\_ to retained earnings, (b) \$350,000,000 and (c) such additional amount as shall be authorized or approved, upon application by the Company, by the Securities and Exchange Commission, or by any successor commission thereto, under the Public Utility Holding Company Act of 1935.

For the purposes of this Section 2 the aggregate amount credited subsequent to \_\_\_\_ to retained earnings shall be determined in accordance with generally accepted accounting principles and practices after making provision for dividends upon any preferred stock of the Company, accumulated subsequent to such date, but in such determination there shall not be considered charges to retained earnings applicable to the period prior to \_\_\_\_, including, but not limited to, charges to retained earnings for write-offs or write-downs of book values of assets owned by the Company on \_\_\_\_.

## ARTICLE III

### MISCELLANEOUS PROVISIONS

SECTION 2. The holders of the bonds of the \_\_\_\_ Series shall be deemed to have consented and agreed that the Company may, but shall not be obligated to, fix a record date for the purpose of determining the holders of the bonds of the \_\_\_\_ Series entitled to consent to any amendment or supplement to the Mortgage or the waiver of any



provision thereof or any act to be performed thereunder. If a record date is fixed, those persons who were holders at such record date (or their duly designated proxies), and only those persons, shall be entitled to consent to such amendment, supplement or waiver or to revoke any consent previously given, whether or not such persons continue to be holders after such record date. No such consent shall be valid or effective for more than 90 days after such record date.

SECTION 3. Subject to the amendments provided for in this \_\_\_\_ Supplemental Indenture, the terms defined in the Mortgage and the First through \_\_\_\_ Supplemental Indentures shall, for all purposes of this \_\_\_\_ Supplemental Indenture, have the meanings specified in the Mortgage and the First through \_\_\_\_ Supplemental Indentures.

SECTION 4. The Trustees hereby accept the trusts herein declared, provided, created or supplemented and agree to perform the same upon the terms and conditions herein and in the Mortgage and in the First through \_\_\_\_ Supplemental Indentures set forth and upon the following terms and conditions:

The Trustees shall not be responsible in any manner whatsoever for or in respect of the validity or sufficiency of this \_\_\_\_ Supplemental Indenture or for or in respect of the recitals contained herein, all of which recitals are made by the Company solely. In general each and every term and condition contained in Article XVII of the Mortgage, as heretofore amended, shall apply to and form part of this \_\_\_\_ Supplemental Indenture with the same force and effect as if the same were herein set forth in full with such omissions, variations and insertions, if any, as may be appropriate to make the same conform to the provisions of this \_\_\_\_ Supplemental Indenture.

SECTION 5. Whenever in this \_\_\_\_ Supplemental Indenture either of the parties hereto is named or referred to, this shall, subject to the provisions of Articles XVI and XVII of the Mortgage, as heretofore amended, be deemed to include the successors and assigns of such party, and all the covenants and agreements in this \_\_\_\_ Supplemental Indenture contained by or on behalf of the Company, or by or on behalf of the Trustees, or any of them, shall, subject as aforesaid, bind and inure to the respective benefits of the respective successors and assigns of such parties, whether so expressed or not.

(I) Nothing in this \_\_\_\_ Supplemental Indenture, expressed or implied, is intended, or shall be construed, to confer upon, or give to, any person, firm or corporation, other than the parties hereto and the holders of the bonds and coupons Outstanding under the Mortgage, any right, remedy or claim under or by reason of this Supplemental Indenture or any covenant, condition, stipulation, promise or agreement hereof, and all the covenants, conditions, stipulations, promises or agreements Supplemental Indenture contained by or on behalf of the Company shall be for the sole and exclusive benefit of the parties hereto, and of the holders of the bonds and of the coupons Outstanding under the Mortgage.

SECTION 6. This \_\_\_\_ Supplemental Indenture shall be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 7. This \_\_\_\_\_ Supplemental Indenture shall be construed in accordance with and governed by the laws of the State of New York.

IN WITNESS WHEREOF, ENTERGY ARKANSAS, INC. has caused its corporate name to be hereunto affixed, and this instrument to be signed and sealed by its President or one of its Vice Presidents, and its corporate seal to be attested by its Secretary or one of its Assistant Secretaries for and in its behalf, and DEUTSCHE BANK TRUST COMPANY AMERICAS has caused its corporate name to be hereunto affixed, and this instrument to be signed and sealed by, one of its Vice Presidents or one of its Assistant Vice Presidents, and its corporate seal to be attested by one of its Associates for and in its behalf, and STANLEY BURG has hereunto set his hand and affixed his seal, and BNY TRUST COMPANY OF MISSOURI has caused its corporate name to be hereunto affixed, and this instrument to be signed and sealed by one of its Vice Presidents or one of its Assistant Vice Presidents, and its corporate seal to be attested by one of its Assistant Secretaries or one of its Assistant Treasurers or one of its Assistant Vice Presidents for and in its behalf, as of the day and year first above written.

ENTERGY ARKANSAS, INC.

By: \_\_\_\_\_  
Steven C. McNeal  
Vice President and Treasurer

Attest:

\_\_\_\_\_  
Christopher T. Screen  
Assistant Secretary

Executed, sealed and delivered by  
ENTERGY ARKANSAS, INC.  
in the presence of:

\_\_\_\_\_  
  
\_\_\_\_\_

DEUTSCHE BANK TRUST COMPANY  
AMERICAS,  
As Corporate Trustee

By: \_\_\_\_\_

Attest:

\_\_\_\_\_  
Associate

STANLEY BURG,  
As Co-Trustee

\_\_\_\_\_[L.S.]

Executed, sealed and delivered by  
DEUTSCHE BANK TRUST COMPANY AMERICAS and STANLEY BURG  
in the presence of:

\_\_\_\_\_

\_\_\_\_\_

BNY TRUST COMPANY OF MISSOURI,  
As Co-Trustee as to property, real or  
personal, situated or being in Missouri

By: \_\_\_\_\_  
Vice President

Attest:

\_\_\_\_\_  
Assistant Vice President

Executed, sealed and delivered by  
BNY TRUST COMPANY OF MISSOURI  
in the presence of:

\_\_\_\_\_  
  
\_\_\_\_\_

STATE OF LOUISIANA     )  
                                      ) SS.:  
PARISH OF ORLEANS     )

On this \_\_\_\_\_ day of \_\_\_\_\_, before me, \_\_\_\_\_, a Notary Public duly commissioned, qualified and acting within and for said Parish and State, appeared in person the within named Steven C. McNeal and Christopher T. Screen, to me personally well known, who stated that they were the Vice President and Treasurer and Assistant Secretary, respectively, of ENTERGY ARKANSAS, INC., a corporation, and were duly authorized in their respective capacities to execute the foregoing instrument for and in the name and behalf of said corporation, and further stated and acknowledged that they had so signed, executed and delivered said foregoing instrument for the consideration, uses and purposes therein mentioned and set forth.

On the \_\_\_\_\_ day of \_\_\_\_\_, before me personally came Steven C. McNeal, to me known, who, being by me duly sworn, did depose and say that he resides at 7903 Winner's Circle, Mandeville, Louisiana 70448; that he is the Vice President and Treasurer of ENTERGY ARKANSAS, INC., one of the corporations described in and which executed the above instrument; that he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the Board of Directors of said corporation, and that he signed his name thereto by like order.

On the \_\_\_\_\_ day of \_\_\_\_\_, before me appeared Christopher T. Screen, to me personally known, who, being by me duly sworn, did say that he is the Assistant Secretary of ENTERGY ARKANSAS, INC., and that the seal affixed to the foregoing instrument is the corporate seal of said corporation, and that said instrument was signed and sealed in behalf of said corporation by authority of its Board of Directors, and he acknowledged said instrument to be the free act and deed of said corporation.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal at my office in said Parish and State the day and year last above written.

\_\_\_\_\_  
Notary Public  
Parish of Orleans, State of Louisiana  
My Commission is Issued For Life

STATE OF NEW JERSEY    )  
                                      ) SS.:  
COUNTY OF HUDSON        )

On this \_\_\_\_\_ day of \_\_\_\_\_, before me, \_\_\_\_\_, a Notary Public duly commissioned, qualified and acting within and for said County and State, appeared Susan Johnson and Rodney Gaughan, to me personally well known, who stated that they were a Vice President and an Associate, respectively, of DEUTSCHE BANK TRUST COMPANY AMERICAS, a corporation, and were duly authorized in their respective capacities to execute the foregoing instrument for and in the name and behalf of said corporation; and further stated and acknowledged that they had so signed, executed and delivered said foregoing instrument for the consideration, uses and purposes therein mentioned and set forth.

On the \_\_\_\_\_ day of \_\_\_\_\_, before me personally came Susan Johnson, to me known, who, being by me duly sworn, did depose and say that she resides at 154 E. 46<sup>th</sup> Street, Brooklyn, NY 11203; that she is a Vice President of DEUTSCHE BANK TRUST COMPANY AMERICAS, one of the corporations described in and which executed the above instrument; that she knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by authority of the Board of Directors of said corporation, and that she signed her name thereto by like authority.

On the \_\_\_\_\_ day of \_\_\_\_\_, before me appeared Rodney Gaughan, to me personally known, who, being by me duly sworn, did say that he is an Associate of DEUTSCHE BANK TRUST COMPANY AMERICAS, and that the seal affixed to the foregoing instrument is the corporate seal of said corporation, and that said instrument was signed and sealed in behalf of said corporation by authority of its Board of Directors, and he acknowledged said instrument to be the free act and deed of said corporation.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal at my office in said County and State the day and year last above written.

\_\_\_\_\_  
Notary Public, State of New Jersey  
Qualified in Hudson County  
Commission Expires \_\_\_\_\_

STATE OF NEW JERSEY    )  
                                      )   SS.:  
COUNTY OF HUDSON        )

On this \_\_\_\_\_ day of \_\_\_\_\_, before me, \_\_\_\_\_, the undersigned, personally appeared, STANLEY BURG, known to me to be the person whose name is subscribed to the within instrument, and acknowledged that he executed the same for the purposes therein contained.

On the \_\_\_\_\_ day of \_\_\_\_\_, before me personally appeared STANLEY BURG, to me known to be the person described in and who executed the foregoing instrument, and acknowledged that he executed the same as his free act and deed.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

\_\_\_\_\_  
Notary Public, State of New Jersey  
Qualified in Hudson County  
Commission Expires \_\_\_\_\_



STATE OF \_\_\_\_\_ )  
 ) SS.:  
CITY OF \_\_\_\_\_ )

On this \_\_\_\_ day of \_\_\_\_, before me, \_\_\_\_\_, a Notary Public duly commissioned, qualified and acting within and for said county and state, appeared \_\_\_\_\_ and \_\_\_\_\_, to me personally known, who stated that they were a \_\_\_\_\_ and \_\_\_\_\_, respectively, \_\_\_\_\_ of BNY TRUST COMPANY OF MISSOURI, a corporation, and were duly authorized in their respective capacities to execute the foregoing instrument for and in the name and on behalf of said Corporation; and further stated that they had so signed, executed and delivered the same for the consideration, uses and purposes therein mentioned and set forth.

On the \_\_\_\_ day of \_\_\_\_, before me personally appeared \_\_\_\_\_, to me personally known, who, being by me duly sworn, did depose and say that he resided at \_\_\_\_\_; that he is a \_\_\_\_\_ of BNY TRUST COMPANY OF MISSOURI, one of the corporations described in and which executed the above instrument; that he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by authority of the Board of Directors of said corporation, and that he signed his name thereto by like authority.

On the \_\_\_\_ day of \_\_\_\_, before me appeared \_\_\_\_\_, to me personally known, who, being by me duly sworn, did say that he is a \_\_\_\_\_ of BNY TRUST COMPANY OF MISSOURI, and that the seal affixed to the foregoing instrument is the corporate seal of said corporation, and that said instrument was signed and sealed in behalf of said corporation by authority of its Board of Directors, and he acknowledged said instrument to be the free act and deed of said corporation.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal at my office in said City and State the day and year last above written.

\_\_\_\_\_  
Notary Public, State of \_\_\_\_\_  
Qualified in \_\_\_\_\_ County  
Commission Expires \_\_\_\_\_

BEFORE THE  
ARKANSAS PUBLIC SERVICE COMMISSION

IN THE MATTER OF THE APPLICATION )  
OF ENTERGY ARKANSAS, INC. FOR )  
AUTHORIZATION TO ENTER INTO )  
CERTAIN FINANCING TRANSACTIONS )  
BETWEEN JULY 1, 2003 AND DECEMBER )  
31, 2003 )

DOCKET NO. 03-\_\_\_\_-U

EAI EXHIBIT B-1

BALANCE SHEET AND PRO FORMA

ENTERGY ARKANSAS, INC.  
BALANCE SHEET  
AS OF DECEMBER 31, 2002  
(Thousands of Dollars)

	Per Books	Adjustments to Reflect Transactions Subsequent to 12/31/02 and Associated Pro-forma Redemptions (1)	Adjustments to Reflect Issuance of Additional FMB's & Redemption of FMB's (2)	Pro Forma
<b>ASSETS</b>				
<b>Current Assets:</b>				
Total cash and cash equivalents	95,513	(107,031)	(5,526)	(17,043)
Accounts Receivable:				
Customer	67,674			67,674
Allowance for doubtful accounts	(8,031)			(8,031)
Associated companies	32,352			32,352
Other	16,619			16,619
Accrued unbilled revenues	67,838			67,838
Total receivables	176,452	-	-	176,452
Accumulated deferred income taxes	5,061			5,061
Fuel inventory - at average cost	10,881			10,881
Materials and supplies - at average cost	78,533			78,533
Deferred nuclear refueling outage costs	25,858			25,858
Prepayments and other	8,335			8,335
<b>Total</b>	<b>400,633</b>	<b>(107,031)</b>	<b>(5,526)</b>	<b>288,077</b>
<b>Other Property and Investments:</b>				
Investments in affiliates - at equity	11,215			11,215
Decommissioning trust funds	334,631			334,631
Non-utility property - at cost (less accumulated depreciation)	1,460			1,460
Other Property and Investments:	2,976			2,976
<b>Total</b>	<b>350,282</b>	<b>-</b>	<b>-</b>	<b>350,282</b>
<b>Utility Plant:</b>				
Electric plant	5,644,477			5,644,477
Property under capital lease	30,354			30,354
Construction work in progress	132,792			132,792
Nuclear fuel under capital lease	88,101			88,101
Nuclear fuel	10,543			10,543
Less accumulated depreciation and amortization	2,722,342			2,722,342
<b>Net Utility Plant</b>	<b>3,183,925</b>	<b>-</b>	<b>-</b>	<b>3,183,925</b>
<b>Deferred Debits and Other Assets:</b>				
Regulatory Assets:				
SFAS 109 regulatory asset - net	111,748			111,748
Unamortized loss on reacquired debt	39,792	1,382	7,713	48,887
Other regulatory assets	130,689			130,689
Other	39,899	1,954	1,414	43,267
<b>Total</b>	<b>322,128</b>	<b>3,336</b>	<b>9,126</b>	<b>334,590</b>
<b>TOTAL</b>	<b>4,256,968</b>	<b>(103,694)</b>	<b>3,600</b>	<b>4,156,874</b>

- (1) Assumes actual issuance of \$150M FMBs, 5.4% Series due 5/1/2018 and \$100M FMBs, 5.9% Series due 6/1/03, actual redemption of \$100M FMBs, 7.72% Series due 3/1/03, and future redemption of \$155M FMBs, 6% Series due 10/1/03 and \$100M FMBs, 7.5% Series due 8/1/07
- (2) Assumes potential issuance of \$175M FMBs at an indicative interest rate of 5.66% and the potential early redemption of \$175M FMBs, 7% Series due 10/1/23

ENTERGY ARKANSAS, INC.  
BALANCE SHEET  
AS OF DECEMBER 31, 2002  
(Thousands of Dollars)

	Per Books	Adjustments to Reflect Transactions Subsequent to 12/31/02 and Associated Pro-forma Redemptions (1)	Adjustments to Reflect Issuance of Additional FMB's & Redemption of FMB's (2)	Pro Forma
<b>CAPITALIZATION AND LIABILITIES</b>				
Current Liabilities:				
Currently maturing long-term debt	255,000	(255,000)		-
Notes Payable	-			-
Accounts Payable				-
Associated companies	37,833			37,833
Other	121,148			121,148
Customer Deposits	35,886			35,886
Taxes Accrued	16,262			16,262
Interest accrued	27,772			27,772
Deferred fuel costs	42,603			42,603
Obligations under capital leases	58,745			58,745
System Energy refund	3,764			3,764
Other	17,734			17,734
<b>Total</b>	<b>616,747</b>	<b>(255,000)</b>	<b>-</b>	<b>361,747</b>
Deferred Credits and Other Liabilities:				
Accumulated deferred income taxes and taxes accrued	821,829			821,829
Accumulated deferred investment tax credits	78,231			78,231
Obligations under capital leases	59,711			59,711
Accumulated provisions	31,463			31,463
Other	117,847			117,847
<b>Total</b>	<b>1,109,081</b>	<b>-</b>	<b>-</b>	<b>1,109,081</b>
Long-term debt	1,125,000	149,598	2,170	1,276,767
Company-obligated mandatorily redeemable preferred securities of subsidiary trust holding solely junior subordinated deferrable debentures	60,000			60,000
Shareholders' Equity:				
Preferred stock without sinking fund	116,350			116,350
Common stock, \$0.01 par value, authorized 325,000,000 shares; issued and outstanding 46,980,196 shares in 2003 and 2002	470			470
Paid-in capital	591,127			591,127
Retained earnings	638,193	1,708	1,431	641,332
<b>Total</b>	<b>1,346,140</b>	<b>1,708</b>	<b>1,431</b>	<b>1,349,279</b>
<b>TOTAL</b>	<b>4,256,968</b>	<b>(103,694)</b>	<b>3,600</b>	<b>4,156,874</b>

- (1) Assumes actual issuance of \$150M FMBs, 5.4% Series due 5/1/2018 and \$100M FMBs, 5.9% Series due 6/1/03, actual redemption of \$100M FMBs, 7.72% Series due 3/1/03, and future redemption of \$155M FMBs, 6% Series due 10/1/03 and \$100M FMBs, 7.5% Series due 8/1/07
- (2) Assumes potential issuance of \$175M FMBs at an indicative interest rate of 5.66% and the potential early redemption of \$175M FMBs, 7% Series due 10/1/23

BEFORE THE  
ARKANSAS PUBLIC SERVICE COMMISSION

IN THE MATTER OF THE APPLICATION )  
OF ENTERGY ARKANSAS, INC. FOR )  
AUTHORIZATION TO ENTER INTO )  
CERTAIN FINANCING TRANSACTIONS )  
BETWEEN JULY 1, 2003 AND DECEMBER )  
31, 2003 )

DOCKET NO. 03-\_\_\_\_-U

EAI EXHIBIT B-2  
EARNINGS STATEMENT AND PRO FORMA

ENTERGY ARKANSAS, INC.  
INCOME STATEMENTS  
For the Twelve Months Ended December 31, 2002  
(Thousands of Dollars)

	Per Books	Adjustments to Reflect Transactions Subsequent to 12/31/02 and Associated Pro-forma Redemptions (1)	Adjustments to Reflect Issuance of Additional FMB's & Redemption of FMB's (2)	Pro Forma
Operating Revenues	1,561,110			1,561,110
Operating Expenses:				
Operation and Maintenance:				
Fuel, fuel related expenses, and gas purchased for resale	294,244			294,244
Purchased power	355,211			355,211
Nuclear refueling outage expenses	24,387			24,387
Other operation and maintenance	543,677			543,677
Taxes other than income taxes	38,127			38,127
Depreciation and amortization	187,525			187,525
Other regulatory credits - net	(184,270)			(184,270)
Total	1,258,901	-		1,258,901
Operating Income	302,209	-		302,209
Other Income:				
Allowance for equity funds used during construction	7,324			-
Interest and dividend income	2,467			7,324
Miscellaneous - net	(6,442)			2,467
Total	3,349	-		(6,442)
Interest and Other Charges:				
Interest on long-term debt	84,823	(2,800)	(2,345)	79,678
Other interest - net	13,287			13,287
Distributions on preferred securities of subsidiary	5,100			5,100
Allowance for borrowed funds used during construction	(4,699)			(4,699)
Total	98,511	(2,800)	(2,345)	93,366
Income before Income Taxes	207,047	2,800	2,345	212,192
Income Taxes	71,404	1,092	915	73,411
Net Income	135,643	1,708	1,431	138,782

(1) Assumes 12-months interest savings and associated tax impact by using the new issuance of \$150M FMBs, 5.4% Series due 5/1/2018 and \$100M FMBs, 5.9% Series due 6/1/03 to refinance \$155M FMBs, 6% Series due 10/1/03 and \$100M FMBs, 7.5% Series due 8/1/07

(2) Assumes 12-months interest savings and associated tax impact by using the proposed issuance of \$175M FMBs at an indicative interest rate of 5.66% to refinance \$175M FMBs, 7% Series due 10/1/23

JUN 19 11 14 AM '03

BEFORE THE  
ARKANSAS PUBLIC SERVICE COMMISSION

FILED

IN THE MATTER OF THE APPLICATION )  
OF ENTERGY ARKANSAS, INC. FOR )  
AUTHORIZATION TO ENTER INTO )  
CERTAIN FINANCING TRANSACTIONS )  
BETWEEN JULY 1, 2003 AND DECEMBER )  
31, 2003 )

DOCKET NO. 03-092-U

DIRECT TESTIMONY

OF

STEVEN C. MCNEAL

VICE PRESIDENT AND TREASURER, ENTERGY ARKANSAS, INC.

ENTERGY SERVICES, INC.

ON BEHALF OF

ENTERGY ARKANSAS, INC.

JUNE 19, 2003

1    **I.    INTRODUCTION AND BACKGROUND**

2    Q.    PLEASE STATE YOUR NAME, BUSINESS ADDRESS AND  
3    OCCUPATION.

4    A.    My name is Steven C. McNeal. My business address is 639 Loyola  
5    Avenue, New Orleans, Louisiana, 70113. I am Vice President and  
6    Treasurer of Entergy Corporation, Entergy Arkansas, Inc. ("EAI" or the  
7    "Company"), Entergy Gulf States, Inc. ("EGSI"), Entergy Louisiana, Inc.,  
8    Entergy Mississippi, Inc., Entergy New Orleans, Inc., System Energy  
9    Resources, Inc., Entergy Services, Inc. ("ESI"), and various other Entergy  
10   affiliates.

11  
12   Q.    PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND,  
13   PROFESSIONAL QUALIFICATIONS, AND PROFESSIONAL  
14   EXPERIENCE.

15   A.    I received a Bachelor of Science degree in Business and History from  
16   Trinity University in San Antonio in 1979. I received an MBA from Tulane  
17   University in 1981.

18            I began my employment with ESI in January 1982. Since then, I  
19   have held positions in Financial Planning, Risk Management, Corporate  
20   Finance, and Treasury. I was named Vice President and Treasurer in  
21   1998.

22            In my present position, I am responsible for treasury functions,  
23   including executing financial strategies, arranging financings, performing



1 financial analyses, managing rating agency relations, managing  
2 investment activities, overseeing cash, managing bank relations and  
3 managing financial liabilities.

4 I have oversight responsibilities for the execution of financings for  
5 Entergy Corporation's domestic utilities and have executed certain  
6 financings for other subsidiaries. As a part of this activity, I have regular  
7 dialogue with capital market participants, including lenders, investment  
8 bankers and institutional investors. I also have maintained active dialogue  
9 with the bond rating agencies on behalf of Entergy Corporation and its  
10 subsidiaries.

11  
12 Q. ON WHOSE BEHALF ARE YOU TESTIFYING?

13 A. I am testifying on behalf of EAI.

14  
15 Q. HAVE YOU TESTIFIED PREVIOUSLY BEFORE A REGULATORY  
16 AUTHORITY?

17 A. Yes. I have submitted testimony to the Arkansas Public Service  
18 Commission ("APSC" or the "Commission") in 1999 and 2001 in  
19 connection with the application of EAI for authorization to enter into certain  
20 financing transactions (APSC Docket No. 99-234-U and Docket No. 01-  
21 221-U, respectively). I have also submitted testimony to the Public Utility  
22 Commission of Texas ("PUCT") and the Louisiana Public Service  
23 Commission ("LPSC") in connection with the Business Separation Plan

1 filing of EGSI (PUCT Docket No. 21957 and LPSC Consolidated Docket  
2 Nos. U-21453, U-20925, and U-22092 Sub-docket B, respectively) and,  
3 with respect to the PUCT, the Unbundled Cost of Service filing of EGSI,  
4 (PUCT Docket No. 22356). In addition, I have filed testimony with the  
5 APSC, the LPSC, the City Council of New Orleans (the "Council") and the  
6 Mississippi Public Service Commission ("MPSC") in connection with the  
7 proposal for an independent electric transmission company (APSC Docket  
8 No. 00-383-U, LPSC Docket No. U-25460, Council Docket No. UD-99-1,  
9 and MPSC Docket No. 01-UA-0059, respectively).

10  
11 Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS DOCKET?

12 A. The purpose of my Direct Testimony is to support EAI's request for an \$80  
13 million increase in its authorization for the issuance of first mortgage  
14 bonds ("First Mortgage Bonds" or "Bonds") approved by the Commission  
15 on November 28, 2001 in Order No. 2 in Docket No. 01-221-U (the  
16 "Order"). Specifically, I will describe the First Mortgage Bonds that EAI  
17 has issued pursuant to the Order and the Company's reasons for  
18 requesting an increase in its authorization.

1    **II.    DESCRIPTION OF EAI'S FIRST MORTGAGE BONDS**

2    Q.    PLEASE DESCRIBE EAI'S FIRST MORTGAGE BONDS.

3    A.    EAI's First Mortgage Bonds are issued pursuant to the Company's  
4       Mortgage and Deed of Trust dated October 1, 1944 to Guaranty Trust  
5       Company of New York (Bankers Trust Company, successor) and Henry A.  
6       Theis (Stanley Burg, successor), Co-Trustee, and Marvin A. Mueller (BYN  
7       Trust Company of Missouri, successor), Co-Trustee as to certain Missouri  
8       property, as Trustee, as supplemented and to be further supplemented by  
9       appropriate supplemental indentures thereto (the "Mortgage").

10       The Mortgage constitutes a first mortgage lien on all of the  
11       properties presently owned by EAI (except as stated below), subject to (a)  
12       leases of minor portions of the Company's property to others for uses  
13       which do not interfere with the conduct of the Company's business, (b)  
14       leases of certain EAI property not used in its electric utility business, and  
15       (c) excepted encumbrances. There are excepted from the lien of the  
16       Mortgage all cash and securities; certain equipment, fuel, materials, or  
17       supplies; timber, minerals, mineral rights, and royalties; receivables,  
18       contracts, leases, and operating agreements; and certain unimproved  
19       lands sold or to be sold. The Mortgage contains provisions for  
20       encumbering after-acquired property by the lien thereof, subject to  
21       limitation in the case of consolidation, merger, or sale of substantially all of  
22       EAI's assets. The aggregate amount of First Mortgage Bonds issued and

1       outstanding under the Mortgage as of June 1, 2003 was \$1.188 billion, all  
2       of which is secured by the lien of the Mortgage.

3

4   Q.   DOES EAI'S MORTGAGE IMPOSE ANY RESTRICTIONS ON THE  
5       AMOUNT OF FIRST MORTGAGE BONDS THAT MAY BE ISSUED?

6   A.   Yes. The first restriction requires the Company to meet the "earnings" test  
7       when issuing new Bonds. Under the Mortgage, additional Bonds may not  
8       be issued unless EAI's adjusted net earnings for any 12 consecutive  
9       months within the 15 months immediately preceding the issuance of the  
10      additional Bonds have been at least twice the amount of the annual  
11      interest requirements on all outstanding Bonds, plus the annual interest on  
12      the additional Bonds being issued and any indebtedness of prior rank.  
13      Under the Mortgage, EAI's adjusted net earnings are calculated after  
14      provisions are made for retirement and depreciation of property at least  
15      equal to the maintenance and replacement fund required for that period.

16

17   Q.   IS THERE A SECOND PRINCIPAL RESTRICTION IN THE MORTGAGE  
18       RELATING TO THE ISSUANCE OF BONDS?

19   A.   Yes. The Mortgage prohibits the issuance of First Mortgage Bonds of any  
20       series in an amount in excess of 60 percent of the cost or fair value,  
21       whichever is less, of specifically identified fundable property as  
22       determined in accordance with the Mortgage. Fundable property as

1 defined in the Mortgage is essentially real or personal property of the  
2 Company subject to the lien of the Mortgage.

3  
4 **III. DESCRIPTION OF THE FIRST MORTGAGE BONDS ISSUED**  
5 **PURSUANT TO THE ORDER.**

6 Q. WHAT BONDS HAS EAI ISSUED PURSUANT THE ORDER?

7 A. Of the \$660 million authorized in the Order, as of June, 2003, EAI will  
8 have issued \$565 million of First Mortgage Bonds. On March 28, 2002,  
9 EAI issued \$100 million principal amount of First Mortgage Bonds, 6.70%  
10 Series due April 1, 2032. A portion of the net proceeds of this issuance  
11 was used to satisfy the annual replacement fund requirement under the  
12 Mortgage by redeeming at par \$85 million principal amount of First  
13 Mortgage Bonds, 8.75% Series due March 1, 2026. The balance of the  
14 net proceeds was used to replace a portion of the cash that EAI used to  
15 meet the maturity of \$85 million principal amount of First Mortgage Bonds,  
16 7% Series due March 1, 2002.

17 On November 12, 2002, EAI issued \$100 million principal amount  
18 of First Mortgage Bonds, 6% Series due November 1, 2032. The net  
19 proceeds of this issuance were used to meet the maturity of \$100 million  
20 principal amount of First Mortgage Bonds, 7.72% Series due March 1,  
21 2003.

22 In addition, on May 6, 2003, EAI issued \$150 million principal  
23 amount of First Mortgage Bonds, 5.40% Series due May 1, 2018 which

1       proceeds will be used for general corporate purposes, including the  
2       repayment of short-term debt and a portion of the \$155 million principal  
3       amount of First Mortgage Bonds 6% Series due October 1, 2003.

4       On June 11, 2003, EAI issued \$100 million principal amount of First  
5       Mortgage Bonds, 5.90% Series due June 1, 2033, the net proceeds of  
6       which will be used to redeem prior to maturity \$100 million principal  
7       amount of First Mortgage Bonds, 7.50% Series due August 1, 2007.

8       In addition, by the end of June, 2003, the Company plans to issue  
9       \$115 million principal amount of First Mortgage Bonds to refinance the  
10      \$115 million principal amount of First Mortgage Bonds, 6.65% Series due  
11      August 1, 2005. The exact terms of this issuance have not been finalized,  
12      but the Company expects to take advantage of the currently favorable  
13      market conditions.

14  
15   **IV. REQUEST FOR ADDITIONAL AUTHORIZATION TO ISSUE FIRST**  
16   **MORTGAGE BONDS.**

17   Q. PLEASE EXPLAIN WHY THE COMPANY IS REQUESTING  
18       AUTHORIZATION TO ISSUE AN ADDITIONAL AGGREGATE AMOUNT  
19       OF FIRST MORTGAGE BONDS OF \$80 MILLION FOR THE  
20       REMAINDER OF 2003.

21   A. As a result of the issuance and proposed issuance of First Mortgage  
22       Bonds pursuant to the Order that I have just described in my testimony,  
23       EAI will have authorization remaining only to issue an additional aggregate

1 principal amount of \$95 million of First Mortgage Bonds through the  
2 remainder of 2003.

3 EAI has outstanding \$175 million of First Mortgage Bonds, 7%  
4 Series, due October 1, 2023. The series is currently callable. EAI has  
5 received pricing indications from the capital markets that indicate that EAI  
6 could potentially refinance this issuance at a lower net financing cost. Due  
7 to the environment of low interest rates and demand for First Mortgage  
8 Bonds in the capital markets, EAI has been able to successfully capitalize  
9 on these market conditions by issuing First Mortgage Bonds with greater  
10 flexibility, better terms, and lower rates than previously issued securities.  
11 For example, in the Company's opinion, had it priced Bonds on June 11,  
12 2003, EAI could have issued a 20-year bond callable at par in five years at  
13 a rate of approximately 5.66 percent based on that date's 30-year  
14 Treasury rate of 4.21 percent (assuming a spread of 1.45 percent). The  
15 available \$95 million issuance authority plus the additional authority of \$80  
16 million requested in this Docket will allow EAI to take advantage of today's  
17 market conditions by issuing First Mortgage Bonds to refinance all of the  
18 \$175 million, First Mortgage Bond 7% Series. Without the additional  
19 authority, EAI would only be able to refund \$95 million of the Bonds of this  
20 series.

21  
22 Q. WHY IS EAI REQUESTING EXPEDITED TREATMENT OF ITS  
23 APPLICATION?

1 A. Expedited treatment of this request for expanded authorization to issue  
2 First Mortgage Bonds will allow the Company to take advantage of the  
3 current bond market to refinance bonds with better terms and lower  
4 interest rates. This will assist in improving the overall debt structure of  
5 EAI.

6  
7 **V. SUMMARY AND CONCLUSION**

8 Q. PLEASE SUMMARIZE YOUR TESTIMONY.

9 A. EAI has a goal to minimize its cost of capital, which can be best  
10 accomplished by taking advantage of current market conditions. The  
11 additional authority would provide the Company with the opportunity to  
12 reduce financing costs to the benefit of EAI and its ratepayers. For these  
13 reasons, the Company believes it is in the public interest for this request to  
14 be approved by the Commission. I ask that the APSC issue an order by  
15 July 1, 2003, so that EAI can proceed in a timely manner to take  
16 advantage of current Bond rates and complete the above described  
17 financing transaction before December 31, 2003.

18

19 Q. DOES THIS CONCLUDE YOUR TESTIMONY AT THIS TIME?

20 A. Yes.